

NSC BRIEFING

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WEST GERMAN REACTION TO YUGOSLAV RECOGNITION OF GDR

- I. Yugoslav recognition of East Germany has presented West Germany with a difficult choice.**
 - A. West Germans do not want to jeopardize prospects of improving relations with Bloc countries, especially Poland, by reacting too strongly.**
 - B. On the other hand, Bonn must hold the line against further acceptance of "two Germanies" concept.**
 - 1. Foreign Ministry expects some countries to follow Yugoslav lead, but no wholesale recognition.**
- II. Extent of retaliation by West Germany still in doubt.**
 - A. Chancellor Adenauer and foreign minister Brentano favor breaking diplomatic relations, but Adenauer's party in Bundestag has advised no rush measures.**
 - 1. Final decision will be made on 17 or 18 October after cabinet meeting and receipt of US, UK and French views.**
 - B. Economic sanctions also possible--could include blocking remainder of \$60 million credit to Yugoslavia (21 million has been used) and refusal to ratify \$6.5 million settlement for war damages.**
 - C. However, Brentano has said West Germany's answer would not "handicap policy toward the east."**
 - 1. For this reason, West Germans may leave an economic mission in Belgrade. This would open way for similar missions in Soviet Bloc countries.**